



Housing Authority of Portland Year 13 Moving to Work Annual Plan

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**Housing Authority of Portland
Year 13 Moving to Work
Annual Plan**

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I. Introduction

Overview of the Agency's MTW goals and objectives for the year:

HAP's Year 13 MTW Plan proposes its most ambitious set of objectives to date. At the forefront is an expansive rent reform agenda, which will transform the interaction between HAP and its residents / participants around housing subsidy, making it more fair, easier to understand and less intrusive. HAP will use its MTW Initiative Fund to broaden the scope and availability of self-sufficiency supports, and to expand partnerships that serve the discrete populations of youth, working families, seniors and people with disabilities. The ability to blend Section 8 and public housing subsidies into a single fund will also be critical in providing service-enriched housing for the most vulnerable residents, and in HAP's ability to increase housing options for low-income families by bringing "banked" public housing subsidy back online.

After months of planning, including extensive community engagement, HAP's Board of Commissioners recently adopted a set of strategic directions that will guide the agency over the next three to five years. These directions - described in Section IV of this year's plan - will be fueled in large part by HAP's MTW authority. A key goal this year will be to develop an implementation plan for the strategic directions that aligns with the activities, outcome measures and statutory objectives for MTW (bulleted in the column to the right.) While not every activity undertaken to support the strategic directions will require MTW authorization, the implementation plan and the MTW plan clearly must act in concert, providing a coordinated blueprint for the agency's work.

With a strong set of strategic directions in place, a committed Board of Commissioners and Resident Advisory Committee, and the flexibility of MTW, HAP looks forward to taking bold strides with its Year 13 Plan.

What is MTW?

Moving to Work (MTW) is a demonstration program that offers public housing authorities (PHAs) the opportunity to design and test innovative, locally-designed housing and self-sufficiency strategies for low-income families by allowing exemptions from existing public housing and tenant-based Housing Choice Voucher rules. The program also permits PHAs to combine operating, capital, and tenant-based assistance funds into a single agency-wide funding source, as approved by HUD.

The purposes of the MTW program are to give PHAs and HUD the flexibility to design and test various approaches for providing and administering housing assistance that accomplish three primary goals:

- Reduce cost and achieve greater cost effectiveness in Federal expenditures;
- Give incentives to families with children where the head of household is working, is seeking work, or is preparing for work by participating in job training, educational programs, or programs that assist people to obtain employment and become economically self-sufficient; and
- Increase housing choices for low-income families.

Overview of the Agency's MTW Activities

<p>Page 11 FY2012-P1: Rent Reform</p> <p>HAP is proposing a large-scale reform of its rent calculation methods.</p>	<p>Page 29 FY2012-O3: Measures to improve the rate of voucher holders who successfully lease-up</p> <p>HAP has implemented measures to improve landlord acceptance of Section 8 vouchers in the local community.</p>
<p>Page 17 FY2012-P2: Local Blended Subsidy</p> <p>HAP plans to use its MTW authority to create a local blended subsidy (LBS) at existing mixed-finance sites and, as available, at new or rehabilitated units.</p>	<p>Page 31 FY2012-O4: Modified contract rent determinations and payment standard adjustments</p> <p>HAP has a revised policy on the application of payment standards for project-based voucher participants.</p>
<p>Page 21 FY2012-P3: Local Project-Based Voucher program</p> <p>HAP uses MTW authority in a variety of ways to create a local project-based voucher program that is tailored to meet the needs of the community.</p>	<p>Page 33 FY2012-O5: Alternative rents at Rockwood Station, Martha Washington and the Jeffrey</p> <p>At public housing units for these three sites, HAP calculates rent using a simplified method.</p>
<p>Page 25 FY2012-P4: Exception payment standards for service-enriched buildings</p> <p>HAP is proposing to apply exception payment standards at project-based voucher buildings where service enrichment creates higher costs.</p>	<p>Page 35 FY2012-O6: Resource Access Center development</p> <p>HAP has modified screening criteria and transfer processes for this project designed to serve homeless and formerly homeless households.</p>
<p>Page 27 FY2012-O1: Biennial inspections</p> <p>HAP conducts biennial inspections for qualifying Section 8 households.</p>	<p>Page 37 FY2012-07: Opportunity Housing Initiative</p> <p>HAP operates four OHI self-sufficiency program models: site-based programs at Fairview Oaks, Humboldt Gardens and New Columbia, and the DHS Voucher program.</p>
<p>Page 28 FY2012-O2: Limits for zero-subsidy participants</p> <p>HAP has implemented limits for families that have a pattern of lowering their income after subsidy ends.</p>	

II. General Housing Authority Operating Information

A. Housing Stock Information

Projected number of public housing units (PHUs) as of the beginning of FY2012 (April 1, 2011)

Elderly/Disabled Units	1,264
Family Units	<u>1,277</u>
Total	2,541

Breakdown of Public Housing Units (projected for April 1, 2011)

	Bedroom Size				Total Households
	Studio/1BR	2BR	3BR	4BR	
Elderly/Disabled Units	1,258	6	0	0	1,264
Family Units	327	512	373	65	1,277
Total	1,585	518	373	65	2,541

MTW Housing Choice Vouchers units authorized: **7,690**

Non-MTW Housing Choice Vouchers units authorized: **512 SRO/Mods, 195 VASH**

Additional households served during HAP's MTW demonstration:

	Households served at beginning of demonstration (FY1999)	Projected households served in Year 13 of demonstration (FY2012)
MTW		
Public Housing	2,628	2,541
Section 8 Voucher	5,339	7,690
Agency-Based Assistance	--	40
DHS Pilot Program	--	21
Non-MTW		
Non-MTW Section 8	--	707
Shelter Plus Care	13	602
Short Term Rent Assistance	--	2,295
Total	7,980	13,896

Planned Capital Expenditures

Community	Activity	Capital Fund	Scattered Sites	Mixed Finance	Total Budget
Eliot Square	Comprehensive renovation	\$ 1,461,750	\$ -	\$ -	\$ 1,461,750
Gallagher Plaza	Comprehensive renovation – planning, siding, windows, roof replacement, structural renovation	1,875,000	2,305,212	11,628,459	15,808,671
Holgate House	System upgrades – emergency generator, water heater replacement, safe exiting structural scope, roof replacement	267,457	-	-	267,457
Medallion Apartments	Comprehensive renovation – beams, slabs, guardrails, site development, safe exiting	1,250,000	1,000,000	7,723,487	9,973,487
Williams Plaza	Comprehensive renovation – tuckpoint and seal masonry, seismic bracing, recoat roof, safe exiting structural scope	1,000,000	850,000	7,648,734	9,498,734
Hollywood East	System upgrades – boiler replacement, piping replacement, recoat roof, safe exiting scope	1,979,438	-	-	1,979,438
Northwest Tower	Pre-development; system upgrades – heating system upgrade, piping replacement, canopy, stairs, compactor, safe exiting structural scope	1,488,033	-	-	1,488,033
Tamarack	Pre-development	25,000	-	-	25,000
Various properties	Emergencies	23,000	-	-	23,000
Various properties	Abatement	347,000	-	-	347,000
Various properties	Lead-based paint remediation	40,000	-	-	40,000
Various properties	Unidentified, but anticipated capital projects	590,000	-	-	590,000
		\$ 10,346,678	\$ 4,155,212	\$ 27,000,680	\$ 41,502,570

Public Housing Units to be added in FY2012: **251 units total**

All units to be included as part of Local Blended Subsidy (see Proposed Activity FY2012-P2).

(Units added will be below HAP's ACC amount and Faircloth cap.)

30 Units: Thirty one-bedroom units will be brought online at the Resource Access Center in September 2011. Nine units will be ADA accessible.

100 Units: An additional 100 one-bedroom units at the Resource Access Center will be changed from project-based Section 8 to public housing through Local Blended Subsidy in January 2012.

46 Units: Three one-bedroom, 19 two-bedroom and 24 three-bedroom units will be brought online at the Jeanne Anne Apartments in October 2011. Three units will be ADA accessible, along with an ADA-accessible community room.

75 Units: If HAP's Local Blended Subsidy activity is approved, 45 units at the Martha Washington and 30 units at the Jeffrey will be converted from project-based Section 8 to public housing.

Public Housing Units to be removed in FY2012: **88 units total**

28 Units: Twenty-eight single family units are to be removed through the initiative to continue the HUD-approved disposition of scattered sites, as first described in our FY2008 MTW plan.

The public housing units to be removed from the inventory during the plan year by development are as follows: OR002000701 SCATTERED SITES, OR002000702 Scattered North B, OR002000703 Scattered North C, OR002000704 SCATTERED SITES, OR002000705 Scattered East A, OR002000706 Scattered East B, OR002000707 Scattered East

60 Units: If HAP is awarded a HOPE VI grant for Hillsdale Terrace, 60 public housing units will be removed in order to redevelop the property.

Housing Choice Vouchers units to be project-based:

100 Units: 100 units of service-enriched project-based voucher housing at the new Resource Access Center will have a preference for medically vulnerable, homeless people. HAP will manage the building and provide a limited amount of services, but the majority of services will be provided via contracts with local providers. There will be a competitive bid process to determine the service provider(s), which has not yet been conducted. These units will be converted to public housing through Local Blended Subsidy (see Proposed Activity FY2012-P2) in January 2012.

B. Leasing Information

Anticipated public housing leased in FY2012: **98% / 2,490 units** (all MTW units)

Description of anticipated issues: HAP does not anticipate any issues with public housing lease rates for online units. We will continue to remain in contact with our local HUD office regarding units that need to be taken offline due to capital fund rehabilitation.

Anticipated MTW Housing Choice Vouchers leased in FY2012: **100% / average of 7,690 vouchers**

Anticipated non-MTW Housing Choice Vouchers leased in FY2012: **95% / average of 672 vouchers**

Description of anticipated issues: HAP does not anticipate any issues with leasing MTW vouchers. Currently, 91% of applicants issued vouchers lease up, which is a significant increase over this time last year. This is attributed to increased outreach by HAP staff working with people in the lease-up process, as well as several new landlord outreach initiatives (as described in Ongoing Activity FY2012-O3).

HAP anticipates slightly lower lease rates for non-MTW vouchers. Veterans Affairs Supportive Housing (VASH) vouchers were slow to lease up the first year, but increased staffing at the local VA office improved lease up over the past year. However, HAP received 90 new VASH vouchers in the summer and fall of 2010, and it will take several months to fully lease those up.

C. Waiting List Information

Anticipated changes in the waiting list for public housing: HAP's current waiting list process allows applicants to choose up to three individual sites or the option of being on a "first available" list. In FY2012 we are planning to eliminate the "first available" option. That option is difficult to manage and can distort the estimated wait times for each property. Instead, HAP staff will direct applicants to the "Estimated Wait Time Worksheet", which is published monthly and details how quickly individual waiting lists move. The waiting list process will continue to allow applicants to select up to three sites with open lists.

Anticipated opening and closing and/or changes in number of families on public housing waiting list: HAP expects to open the waiting lists for three elderly/disabled properties and three family properties in late 2011. HAP expects these openings will add between 2,000 and 3,000 applicants. The waiting lists at the remaining elderly/disabled and family sites will remain closed as they currently have wait times that exceed three years. HAP staff is accustomed to periodically opening waiting lists and anticipates a smooth process with each of these waiting list openings.

Anticipated changes in the waiting list for Housing Choice Vouchers (HCV): HAP does not plan on making any changes to the way we manage our HCV waiting list.

Anticipated opening and closing and/or changes in the number of families on the HCV waiting list: HAP anticipates beginning FY2012 with approximately 1,400 families on the Section 8 waiting list, and pulling 300 to 500 families during the fiscal year, leaving between 900 and 1,100 families on the waiting list at the end of FY2012. When the waiting list is reduced to 1,000 families or less, HAP will consider opening the waiting list, depending on the anticipated need and turnover rate.

III. Non-MTW Related Housing Authority Information (Optional)

A. List planned uses and sources of other HUD or other Federal Funds (excluding HOPE VI):

HAP elects not to provide this optional information.

B. Description of Non-MTW activities proposed by the Agency:

Revitalization of Distressed Public Housing Properties

HAP has done significant work over the past several years to address the capital needs backlog in public housing through its Public Housing Preservation Initiative. This was bolstered last year by the receipt of nearly \$10 million in formula and competitive capital grants through the American Recovery and Reinvestment Act (ARRA). Those grants, in addition to regular public housing capital funds and scattered site sales proceeds, have helped HAP achieve energy efficiencies, make ADA upgrades, and address deferred maintenance in key housing communities. This includes the recently completed "Sweet 16" project – a portfolio of public housing family developments with similar capital needs that were grouped to achieve economies of scale in planning and contracting.

At least two groupings of public housing communities have needs to address beyond the funds HAP currently has available. These include Hillsdale Terrace Apartments and a group of high-rise properties: Gallagher Plaza, Medallion Apartments and Williams Plaza.

- **Hillsdale Terrace Apartments**

After repeated attempts to remedy problems related to the site design and cinder block construction, dampness and mold continue to plague building maintenance at Hillsdale Terrace. The steep sides of the topographic "bowl" in which the property sits contributed to an original design that does not allow realistic ADA accessibility for most residents. Overall, the current property is HAP's most expensive to maintain and is an unwelcoming location that does little to instill pride in the community.

In 2009, HAP submitted an application for a HOPE VI grant to redevelop this distressed public housing property. That 2009 application was not funded, and HAP currently has another HOPE VI (2010) application submitted for consideration by HUD. The Notice of Funding Availability requires that housing authorities express the intention to apply for a HOPE VI grant in their MTW plan in the relevant application cycle. Therefore, in the event that HAP does not receive a grant in this round, **HAP expresses its intention to apply for a HOPE VI grant for Hillsdale Terrace in the 2011 application cycle.**

- **High-rise properties**

Various needs assessments and analyses of the aging buildings and systems at HAP's ten high-rise properties (Hollywood East, Northwest Tower and Northwest Tower Annex, Dahlke Manor, Holgate House, Sellwood Center, Schunk Tower, Williams Plaza, Gallagher Plaza and the Medallion Apartments) have revealed approximately \$23.4mm in capital needs.

During the FY2012 Plan year, mixed finance strategies will be pursued to fund capital work on these properties including the following types of renovations: exterior envelope and window improvements, roofing, structural updates, and mechanical, electrical and structural improvements (see the Planned Capital Expenditures table in Section II for more details on some of these properties.)

Funding for these projects may include annual capital grant funds and potential mixed finance strategies. **As required for this type of financing strategy, a Section 18 Disposition Application will be submitted during this Plan year, for 1,232 units of public housing. Upon approval of the disposition, a subsequent application for Section 8 Tenant Protection Vouchers will follow.**

Acquisition of the Jeanne Anne Apartments

In July 2010, HAP acquired the Jeanne Anne Apartments, an existing 46-unit property in Gresham. This property offers larger units, including 23 three-bedroom and 20 two-bedroom units, and is located on the MAX light rail line which will help residents reduce their transportation costs. Construction on interior and exterior improvements is underway and HAP expects completion by August 2011. When the 46 public housing units are brought online in October 2011, Jeanne Anne residents who are living on the property at that time will be given priority for the public housing subsidy. Current residents pay market rents and HAP believes these are low-income working households that are rent burdened and eligible for public housing subsidy; income eligibility will be determined on a case-by-case basis. Residents who choose to stay and apply for public housing will be eligible for workforce development opportunities. Future residents will need to apply to the waitlist at the property.

IV. Long-term MTW Plan (Optional)

Strategic Directions

In late 2009, HAP began a process to create a set of strategic directions that would guide the agency over a three- to five-year horizon, following the completion of its three-year business plan. HAP contracted with local consulting firm, Decisions Decisions, to facilitate the development of these directions through the engagement of its Board of Commissioners, Resident Advisory Committee, staff and partners. Additionally, thousands of residents and participants were engaged through surveys and Listening Sessions in the community. Three guiding principles emerged in the process:

- **Equity** – HAP will work with representatives of diverse communities to ensure fairness and cultural competence in all HAP activities: housing, services, employment and contracting.
- **Strategic Partnerships** – HAP will strategically align itself and collaborate with partners to fill gaps in community needs and achieve common ends.
- **Organizational Development** – HAP will take full advantage of the strength of its management and staff by instituting policies and practices that support their ability to be effective.

After months of listening, synthesizing and analyzing the wealth of stakeholder feedback, broad consensus emerged around the following four strategic directions:

- **Direction 1 – Prioritization of Housing Resources:** HAP will align a larger portion of its housing resources with community partners in order to better serve priority populations, distinguishing between the needs of very low-income work-focused families, seniors and people with disabilities.
- **Direction 2 – Housing-Services Continuum:** HAP will provide for core resident services, including enhanced property management to support housing stability and foster self-sufficiency, with its own staff and partner agencies. HAP will coordinate the delivery of other types of resident services through strategic partnerships with local providers.
- **Direction 3 – Partnership within the HAP Community:** HAP will strengthen its relationship with residents and program participants by working with them to develop a more defined set of mutual responsibilities, expectations and accountability.
- **Direction 4 – Role in the Regional Housing Market:** HAP will leverage its expertise in affordable housing operations, development, and rent assistance administration to further local and regional housing needs. HAP will increase its responsiveness to housing needs in mid-County and East County through the alignment

of resources and coordination with local representatives. HAP will expand its work with neighboring counties when there are opportunities to collaboratively address issues on a regional basis. HAP will serve as a policy advocate and strategic partner in the metropolitan area.

HAP will use its MTW authority whenever possible to advance these strategic directions over the next several years.

The full report of the strategic directions, its planning process and the next steps is included as Appendix (A) to this MTW Plan, titled "Framing the Future: Strategic Directions and Next Steps".

V. Proposed MTW Activities: HUD approval requested

FY2012-P1: RENT REFORM

Introduction: HAP previously enacted several simplification measures under its rent reform MTW authorization, including biennial reviews for most households and raising the income asset level to \$25,000. However, HAP recognizes that these measures do not achieve HUD's larger goal of testing alternate methods that streamline and improve the complex calculation process, or encourage the pursuit of increased self-sufficiency. Therefore, HAP proposes a large-scale reform of its rent calculation methods that distinguishes between the populations of seniors / people with disabilities and the "work-focused". These policies are described in detail below.

This initiative will apply to all MTW public housing and Section 8 households. In cases where the activities described would conflict with past measures enacted under this authorization, the new proposed activities replace those previously approved. For example, HAP was approved in Plan Year 9 to conduct biennial reviews for certain households; the review cycles described in this MTW plan will supersede the previously approved activity. HAP will no longer report on activities replaced by rent reform measures that are approved in this year's plan. In the event that HAP's rent reform activities in this year's plan are not approved, HAP will continue all previously approved activities.

Due to the scale and impact of rent reform, HAP conducted significant resident and participant outreach regarding these proposed policies, in addition to the standard process specific to MTW planning. Section VIII includes an overview of these outreach efforts and Appendix (B) includes a report made available to residents, participants and the community.

RENT REFORM OVERVIEW

For **seniors and people with disabilities**, HAP proposes to eliminate all deductions and change the total tenant payment (TTP) percentage from 30% of adjusted income to 27.5% of gross income. This group will have triennial income re-certifications and HAP will lower the age defined as "senior" from 62 to 55. Households will fall into this population category if the head, co-head or spouse listed on the lease is 55 or older, or is disabled under the current HUD definition already used by HAP. Minimum rent for this group is \$0 and utility reimbursements will continue to be allowed.

MTW authorization:

Attachment C, Section B(3) –
Definition of Elderly Family

Attachment D, Section B(2) –
Rent Structure and Rent Reform

Statutory objective:

Reduce cost and achieve
greater cost effectiveness in
Federal expenditures

Give incentives to families with
children where the head of
household is working, is seeking
work, or is preparing for work by
participating in job training,
educational programs, or
programs that assist people to
obtain employment and
become economically self-
sufficient

All households that do not fall into the population category above will be considered **work-focused households**. For this group, HAP proposes to eliminate all deductions and use a progressive rent structure with biennial income recertifications:

- **Years 1 and 2:** rent is based on 27.5% of gross income, with \$0 minimum rent and utility reimbursements allowed.
- **Years 3 and 4:** rent is based on 29% of gross income or \$100 minimum rent, whichever is greater. Utility allowances will be factored in the assistance, but utility reimbursements will not be allowed.
- **Years 5 and 6, and biennially thereafter:** rent is based on 31% of gross income or \$200 minimum rent, whichever is greater. Utility allowances will be factored in the assistance, but utility reimbursements will not be allowed.

The following policies will be applied to all households (seniors/people with disabilities and work-focused):

- The utility allowance will be determined using a simplified table found in Appendix (B), page 76.
- Zero-income households will meet with their public housing site manager or Section 8 case manager every six months, so that staff can provide referrals to community service providers and check on progress towards obtaining an income source. The relevant biennial or triennial review cycle will not be initiated until income has been established, or until the minimum rent is introduced at the two-year anniversary for work-focused households.
- The proration of subsidy for mixed-families will be simplified so that a flat \$100 monthly reduction in assistance is applied to the household, regardless of the number of ineligible members.
- The ceiling rent for public housing will now be automatically set to match Section 8 payment standards. There will be no flat-rent option.
- HAP will create a separate release of information form to supplement the HUD Form 9886, in order to obtain a release of information that covers the appropriate biennial or triennial review cycle. Currently, the HUD form 9886 provides a 15-month release, which would cause HAP to have to mail out releases in mid-review cycle.
- For Section 8 households where the gross rent of the unit exceeds the applicable payment standard, HAP will approve the tenancy at initial occupancy so long as the household share does not exceed 70 percent of the household's gross income.
- The earned income disallowance is eliminated.
- Rent for FSS participants will use the traditional calculation.
- All income sources used to determine a household's public housing rent or Section 8 assistance will be the same as currently defined by HUD, with the following exceptions:
 - The value of any asset or the value of any income derived from that asset will not be used in determining gross income (currently HAP includes income from assets valued over \$25,000).
 - All earned income of full-time students age 18 and over will be excluded from the rent calculation, unless they are the head, co-head, or spouse of the household (currently the first \$480 of earned income is counted annually for adult full-time students).
 - All adoption assistance payments will be excluded from the rent calculation (currently, only payments in excess of \$480 per adopted child are excluded from the rent calculation).
 - Households will have the option to not report income that is not used in the rent calculation, such as foster care payments. HAP requires that households provide this information in order to report it to HUD, but it has no bearing on their assistance and HAP does not use the information. The exceptions are the

few times in Section 8 when a household wants this income considered to determine their ability to rent a unit where the family share of rent is above 30% of their income, but below 70%. In these situations where it is a benefit to the participant, HAP will accept the income reporting.

Use of MTW authority and impact on statutory objective(s): The activity uses HAP's rent reform authorizations to impact the statutory objective of achieving greater cost effectiveness of Federal expenditures. Eliminating deductions, simplifying the utility allowance methodology and schedule, and triennial reviews are all projected to save significant staff time in aggregate, as indicated in the benchmarks and metrics that follow.

Additionally, HAP will exercise its authority to amend the definition of elderly family to age 55. This supports the statutory objective of creating incentives for self-sufficiency by ensuring that households defined as work-focused can be reasonably expected to increase employment and earnings over time.

Outcome measurement: The proposed rent reform activity represents a suite of policy changes, many of which are difficult to measure in isolation. HAP proposes to measure significant, overarching impacts of the reforms based on population type. Therefore, the metrics are divided into two sections below. In addition, HAP will conduct ongoing impact analysis and annual reevaluation (page 14), tracking data such as hardship requests, households transitioning off assistance, and changes in rent roll and Section 8 subsidy.

Proposed baselines, benchmarks and metrics:

Impact	Metric	Baseline	Benchmark
SENIORS AND PEOPLE WITH DISABILITIES			
Annual staff time saved	# hours of staff time to complete reviews	Approx. 5,663 seniors and people with disabilities on biennial review cycles require approx. 2,832 hours per year	When all households have transitioned to triennial review cycle, it is projected to save 944 staff hours per year
Annual staff salary saved	\$\$ of staff salary spent on reviews	Before implementation, an average of approx. \$74,358 is spent annually on staff salary for reviews	When all households have transitioned to triennial review cycle, it is projected to save \$24,800 per year
Maintain stability for this economically vulnerable population	Shelter burden (rent ¹ + utility allowance divided by gross income)	Before implementation, shelter burden is 27%	After implementation, shelter burden will remain below 28%
WORK-FOCUSED HOUSEHOLDS			
Annual staff time saved	# hours of staff time to complete reviews	Approx. 4,232 work-focused households; 783 are on annual review cycles and 3,449 are on biennial review cycles, requiring approx. 2,508 hours per year	When all households have transitioned to biennial review cycle, it is projected to save 392 staff hours per year
Impact	Metric	Baseline	Benchmark

Annual staff salary saved	\$\$ of staff salary spent on reviews	Before implementation, an average of approx. \$65,851 is spent annually on staff salary for reviews	When all households have transitioned to biennial review cycle, it is projected to save \$10,300 per year
Increased employment and earning over time	Average annual earned income	Before implementation, average is \$6,792 per year	Two years after implementation, increase by 15% (to \$7,811)
Increased contribution to rent	Total tenant payment (rent ¹ + utility allowance)	Before implementation: Section 8 average - \$267 Public housing average - \$249	Two years after implementation, increase by 15% Section 8 to \$307 Public Housing to \$286

¹For purposes of these metrics, Section 8 rents are calculated with gross rent capped at payment standard

Data collection process: HAP's YARDI database will continue to serve as the source for household income and total tenant rent payment information. The baseline data for hours required to conduct rent calculation, utility allowance determination and income reviews was collected through staff interviews and workflow analysis. This process will be repeated in subsequent years to determine progress towards benchmarks and goals.

Agency's Board approval: Board approval is included in Section VIII, Part B: Board Resolution.

Impact analysis: The impact analysis is included as Appendix (C). Based on this data, HAP is satisfied that the rent reform policies proposed will have the intended effect, and that the phase-in and hardship policy will provide a means to address potential negative or unintended consequences.

Annual reevaluation: HAP will use the proposed metrics, an assessment of hardship requests, staff feedback and financial analysis to ensure that rent reform is having the intended effects. HAP will propose modifications to the policies in response to unforeseen or unintended negative impacts to residents and participants or to the agency. Additionally, HAP intends to contract for an outside, longitudinal evaluation of rent reform and will report on those results to HUD and to the community as they become available.

Hardship case criteria:

Statement of Philosophy: HAP has developed its rent reform proposals with the intention of simplifying the calculation process for residents, participants and staff, as well as to encourage those who can work to contribute to their housing costs over time. The hardship policies are designed to help those currently receiving our assistance to remain stable when the change in rent calculation is made, in the limited cases where the change would cause a large rent increase.

Over time, the policies are intended to help households who may see a major increase in their shelter costs due to rent reform.

For those in the work-focused group, HAP recognizes that access to quality affordable childcare can be a key ingredient to obtaining and keeping full-time employment. HAP intends to work with families to address barriers to employment, including child care, while keeping the calculation of public housing and Section 8 subsidies focused on housing affordability. HAP will seek to increase other resources available to support work efforts of families and will assess the impact of rent reform on employment rates in the years following implementation.

For seniors and people with disabilities with fixed incomes, high medical expenses that are not covered by insurance can cause economic distress and / or difficult choices about important medical care and medications. HAP will work with households through the hardship policy on an ongoing basis to help ensure their housing stability.

HAP will make the process of applying for a hardship accommodation known, easy to understand and easy to complete.

Phase-in Process: Under the following circumstances, public housing residents and Section 8 participants who are in the programs at the time rent reform is implemented will receive an automatic adjustment:

If the household has:	AND	If the rent increase is:
Out-of-pocket childcare expenses above \$2,000 per year, <u>or</u>		More than <u>\$10 per month</u> for seniors and people with disabilities, the increase will be capped at \$10 per month.
Out-of-pocket medical expenses above \$2,000 per year, <u>or</u>		
Four or more dependents		More than <u>\$25 per month</u> for work-focused households, the increase will be capped at \$25 per month.

A household that receives an automatic rent cap under the phase-in policy may request a hardship accommodation if they feel the phase-in does not go far enough in addressing their housing stability.

The phase-in accommodation will last for 12 months from the time of the household's new rent calculation and can be renewed annually through the hardship policy for as long as the circumstances continue. If, for example, a household with high out-of-pocket medical expenses gains comprehensive medical insurance after 12 months, or when a child ages out of childcare, the phase-in accommodation will end.

Hardship policy: Households may apply for a hardship review if their total monthly shelter costs (tenant paid rent, including utility allowance) exceed 50% of the total monthly income used to determine their rent subsidy. Section 8

participants who choose to rent housing where the total shelter costs exceed 50% of total monthly income will not qualify for hardship review.

A committee will be established, with representatives from the staff in public housing and Section 8, to review hardship requests on a monthly basis. Program participants will not be asked to serve on the hardship committee, as it would be a violation of the requesting household's privacy to share information about their situations with other participants. Requests must be received by the 15th of each month in order to have a revised rent effective on the first of the next month. In cases when the committee recommends denial of the hardship request, the director or assistant director of the appropriate department will make the final determination. If a household disagrees with a hardship denial, HAP's grievance procedure will be available to them for appeal. HAP intends to grant hardship requests whenever possible and hopes the number of denials will be minimal.

The committee will consider each household's circumstances on a case-by-case basis. The committee will have a menu of remedies to reduce a qualifying household's rent burden. These choices may include, but are not limited to, the following:

1. Set rent to a minimum of \$0 for a specific period of time.
2. Extend a utility reimbursement for a specific period of time. (Utility reimbursements end at the beginning of year 3 for work-focused households.)
3. Cap total shelter costs to not exceed 50% of income or other appropriate rate for a specific period of time.

Remedies will be reviewed and either extended or removed after the specified period of time or at the next scheduled recertification.

Recognizing the large scale of changes brought about by this rent reform initiative, HAP will consider other unforeseen circumstances that may arise, and will assess the number and outcomes of hardship reviews over time in order to adjust the policy as needed.

Interim Reviews: Households that receive HAP's assistance through public housing and Section 8 currently have the ability to request an interim review to reduce their rent if they experience a loss of income. HAP will continue this policy under rent reform.

Transition period: HAP anticipates the transition period for rent reform to last up to 24 months from the date of implementation. A precise schedule has not been developed, but it is expected that current public housing residents and Section 8 participants will transition on to the new calculation at the time of their next review, or any other event that would trigger a re-calculation of rent, such as a move. New households will have the new rent structure when they are admitted to the program.

Public Hearing: Documentation of public hearing is included in Section VIII, Part A: Public Process, Appendix (E): Public Comment, and Appendix (F): November 16, 2010 Board Minutes.

FY2012-P2: LOCAL BLENDED SUBSIDY

Background: Over the past many years, HAP has added public housing units in mixed finance properties, replacing units that had been demolished as part of revitalization efforts or as part of the one-for-one replacement of scattered sites sold through the Public Housing Preservation Initiative (PHPI). In each of these cases, public housing operating subsidy alone is insufficient to support the operations of those properties. The inadequacy of this operating subsidy – currently \$341 per-unit per-month for public housing units, regardless of the size of the unit – limits the financial viability of replacing additional public housing units that HAP still has in its “bank”. This inadequacy of the public housing subsidy has been mitigated by including project-based voucher (PBV) units in these developments to raise the level of subsidy for the property to an economically feasible amount, since the Section 8 payment standard provides a substantially higher, market-oriented subsidy based on bedroom size.

Although this method of mixing unit types addresses subsidy shortfalls to a certain degree, project-basing units limits the availability of PBVs for other sites that are not owned by HAP or an affiliate. It also diminishes the number of tenant-based vouchers available for residency in the private market. To address the foregoing issues, HAP plans to use its MTW authority to create a local blended subsidy (LBS) at existing mixed-finance sites and, as available, at new or rehabilitated units.

The LBS program will use a blend of MTW Section 8 and public housing funds to subsidize units reserved for families earning 80 percent or below of area median income. The units may be new construction, rehabilitated, or existing housing. To select units for LBS, HAP will use the following criteria and process:

- Units will initially be limited to those at HAP-owned properties or affiliated mixed-finance sites owned by low-income housing tax credit limited partnerships in which HAP serves as the general partner and currently subsidizes with PBVs.
- HAP will conduct an analysis to determine that the units are located at developments that require a subsidy level other than that available through the traditional public housing program and/or experience operational and administrative inefficiencies due to the combination of different subsidized housing types. As part of this analysis, HAP will determine that budgets for the subject sites are reasonable.
- To the extent required by legal agreements, HAP will notify investors at HAP-affiliated sites and obtain their approval to convert the PBV units to LBS. Subject to a reasonableness evaluation, HAP anticipates that subsidy levels for LBS units will be sufficient to maintain economic viability. HAP does not anticipate that subsidy levels will be in excess of 125% of fair market rents.

MTW authorization:

Attachment C, Section B(1) –
Single Fund Budget with Full
Flexibility

Attachment C, Section C(2) –
Local Preferences and Admission
and Continued Occupancy
Policies and Procedures

Attachment D, Section B(3) –
Local Unit Based Subsidy
Program

Statutory objective:

Increase housing choice for low-
income families

Reduce cost and achieve
greater cost effectiveness in
Federal expenditures

- To the extent required by law or applicable regulation that has not been waived pursuant to MTW authority, HAP will obtain approvals from the Office of Public Housing Investments to transition PBV units at mixed-finance sites into LBS. HAP understands that HUD can only approve this type of funding arrangement set up under the MTW program until 2018, and that funding is subject to appropriations changes and other funding adjustments.

Once selected for LBS, HAP anticipates that units will be treated as follows:

- Appropriate legal documentation at mixed-finance sites with LBS units will be executed. This may include modifications to existing mixed-finance documents that acknowledge that PBV units are now considered public housing under the relevant mixed-finance amendment to HAP's Annual Contributions Contract and that all units at the sites are to be administered under the LBS program. To the extent LBS units at HAP-owned or affiliated mixed-finance sites are considered public housing for HUD reporting purposes, HAP may execute a declaration of restrictive covenants ("DRC") or similar restrictions for those units. Given the unique requirements and funding source for LBS, HAP may seek modifications to standard HUD DRCs in order to support program operations. HAP anticipates that such modifications may include authorization to service debt with net operating income generated by LBS units, payment to replacement reserves from operating revenue from LBS units, and inapplicability of the ten year tail on operating subsidy for LBS units. Such modifications would be designed to permit these units to be operated with legal restrictions that protects them as long-term affordable housing, using authority granted HAP under its MTW Agreement.
- All project owners (including HAP or its affiliates) at sites participating in LBS must sign an LBS Assistance Contract. The contract will require compliance with the terms and conditions of LBS, which will generally be consistent with the requirements for other HAP-owned public housing units.
- HAP will seek to streamline admissions and continued occupancy policies for LBS units so as to minimize differences between the requirements applicable to public housing, LBS, and tax credit-only units.
- LBS units will be reported in PIC, tracked against HAP's Faircloth limit, and reported as public housing units in Section II of its MTW plans and reports. HAP will work with HUD to determine how to categorize and report these units to meet any other administrative requirements.

Use of MTW authority and impact on statutory objective(s): The activity uses single fund budget flexibility and authorization to develop a local unit-based subsidy program in order to create the administrative and funding structure for LBS. Additionally, the ability to create local preferences and admission and continued occupancy policy and procedures allows HAP to manage the units in such a way that provides similar protections as public housing, while adapting the rules for efficiency and local needs. In sum, this activity increases housing choice for low-income families by allowing HAP to add financially viable, subsidized units back into its portfolio. The ability to create a local program through blended funds provides for the development of streamlined rules and administration, supporting the objective to increase efficiencies in Federal expenditures.

Baselines:

- There are 251 new public housing units being brought online in the upcoming plan year that can be funded by LBS. These 251 units are reflected in Section II of the plan, "Public housing units to be added in FY2012". Of these new public housing units, 175 will be converted from project-based vouchers to public housing units as part of LBS.
- There are currently 45 existing public housing units that will be funded by LBS in FY2012.

Proposed benchmarks and metrics:

- HAP will, over the next fiscal year, bring 296 LBS units online, requiring 251 units designated as new public housing units. These new units brought online will be below HAP's ACC amount and Faircloth cap.
- By adding banked public housing subsidy to the LBS blend, HAP anticipates freed funds of \$151,930, which could serve 22 additional households.

Data collection process: HAP's YARDI database tracks all financial data, subsidy expenditures and households served by type.

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FY2012-P3: LOCAL PROJECT-BASED VOUCHER PROGRAM

Background: HAP has created a project-based voucher (PBV) program tailored to meet the needs of the local community. HAP currently administers over 1,100 PBVs in the community via more than 60 separate contracts.

Use of MTW authority and impact on statutory objective(s): The PBV program increases housing choice by preserving existing affordable housing and focusing on the needs of populations that tend to be less successful in the tenant-based program, including participants with disabilities, extremely low incomes, or backgrounds that may create high barriers to housing. Most of the PBV buildings offer services for specific populations, which help households not only to obtain suitable housing, but also to access additional services that give the household stability in the community. Below is a list of the ways we intend to utilize MTW authority for the local PBV program. Some of the activities are ongoing. These have been described as individual activities in prior plan years, and are now being merged into this single activity. Others are new activities. Processes and procedures for the project-based voucher program are fully detailed in our Section 8 Administrative Plan which is approved by our Board of Commissioners and submitted to HUD.

Ongoing/Previously Identified Activities

- HAP allows project-based vouchers to be awarded to more than 25% of units in a given complex. By exceeding the traditional 25% limit in a single building, HAP increases housing choice for elderly, disabled and other special needs and zero-income households. Additionally, because HAP limits PBV rents to a maximum of the payment standard less any applicable utility allowance, PBV units are affordable even to zero-income households.
- HAP has modified waitlist policies to allow each PBV building to maintain its own site-based waiting list with its own preferences. Many of the buildings offer specialized supportive services and thus have developed their own waiting list preferences, based on services provided (homeless, disabled, etc). It would not be practical for HAP to manage 60 separate PBV waiting lists with separate preferences. Additionally, site-based waiting lists increase efficiency by reducing staff time spent conducting intake/briefing appointments with PBV applicants, because applicants are screened by the building before coming to HAP for an intake appointment, resulting in a higher lease-up rate.

Site-based waiting lists also increase housing choice for low-income residents in the community, since they are able to apply to multiple building waitlists, as well as to HAP's tenant-based waitlist. Additionally, multiple waitlists at different PBV buildings ensure that there are almost always open waitlists at any point in time.

MTW authorization:

Attachment C, Section D(7) –
Establishment of an Agency MTW
Section 8 Project-Based Program

Attachment C, Section D(4) –
Waiting List Policies

Statutory objective:

Increase housing choice for low-income families

Reduce cost and achieve
greater cost effectiveness in
Federal expenditures

- HAP does not provide a preference on the tenant-based waiting list for PBV residents, and requires PBV residents to apply for and remain on the tenant-based waitlist in order to transfer to a tenant-based voucher unit. This ensures equitable access to housing for households that want to rent in the private market and choose not to apply for PBV units. Based on projections that up to 70% of PBV residents would request to transfer to tenant-based vouchers after completing their one-year lease, our estimate is that 572 households would request tenant-based vouchers each year. This would severely restrict availability of vouchers for those on the tenant-based waitlist and essentially make residency in a PBV a “requirement” to access a tenant based voucher, therefore limiting housing choice for those in the community who do not wish to live in a PBV unit. Additionally, because a majority of PBVs in our community are studio and one-bedroom units that are occupied by single adults, senior and people with disabilities, a preference on the tenant-based waiting list for those households would severely limit the number of families with children able to access tenant-based vouchers. PBV residents may continue to occupy their project-based unit while they wait for a tenant-based voucher.
- HAP modifies screening and eligibility requirements to differ from the traditional criteria at certain project-based voucher properties which offer supportive services. The modified screening criteria allow participants who would otherwise be ineligible for Section 8 housing the ability to access housing with supportive services. HAP determines an applicant's eligibility for a specific PBV property based on the capacity of the service provider who owns or contracts to manage the property. For example, if the service provider's expertise is in helping criminals convicted of drug-related activity to overcome their addiction and move into training and employment, the drug-related criminal activity eligibility criteria may be waived for participants who would reside at that property. The specific services to be offered at the property, as well as agreed-upon goals and performance indicators, are identified in the PBV contract and Memorandum of Understanding with the owner, manager and identified service provider.

Proposed/Newly Identified Activities

- Utilizing the PBV program to increase Permanent Supportive Housing: HAP proposes a local competitive process for awarding PBVs in collaboration with the City of Portland and Multnomah County, which includes issuing a Notice of Funding Availability and accepting proposals from housing developers and owners across the County. This effort ensures that PBVs are aligned with capital and services funding made available from our jurisdictional partners.

There would be two instances in which the local competitive process may be waived and PBVs may be awarded based on a resolution by HAP's Board of Commissioners:

- First, the board may elect to award PBVs in the event that jurisdictional partners (defined as the cities of Portland and Gresham and Multnomah County) formally request for HAP to develop, rehabilitate, or acquire housing as a part of a community-wide initiative to meet local priorities.
- Second, the board may elect to award PBVs necessary to accomplish the objective of HAP's Public Housing Preservation Initiative, or for the preservation of other properties within Multnomah County that have an expiring operating subsidy.
- Developing local site selection standards: HAP's goal is to better align with local City and County government site selection for low-income housing aimed at ending homelessness. Site selection standards are designed to

deconcentrate poverty and expand housing and economic opportunities in census tracts with poverty concentrations of 20 percent or less.

- Servicing HAP-owned units: Since the majority of HAP-owned buildings are managed by third-party management companies, HAP will conduct inspections, determine rents, and determine rent reasonableness for HAP-owned units that utilize PBVs in those buildings. In the event that a HAP-owned building with PBV units is not managed by a third party, HAP will contract out the responsibility for rent setting and inspections.
- Modifying subsidy standards regarding under- and over-housing in order to ensure full utilization of PBV units: Although owners use the same subsidy standards for PBVs as those used for tenant-based vouchers, exceptions will be granted when there are no appropriately sized households on the waiting list to fill a vacant unit. HAP must approve each exception, and at no time will a family be approved if it would result in overcrowding, or if there would be less than one person per bedroom (except in the case of a reasonable accommodation request).
- Modifying lease terms, renewal options, and termination policies to limit owners' ability to terminate tenancy without cause: After the initial term, the lease will convert to a month-to-month agreement unless the owner and tenant agree to a longer term. The owner may not refuse to renew the lease without cause. The owner of a PBV unit may not terminate tenancy without cause, except as follows:
 - The owner of a PBV unit must terminate tenancy for an over-income family 180 calendar days after the last housing assistance payment to the owner in order to ensure that another low-income applicant can be served. An over-income family is a family that received zero subsidy from HAP based on the family's income.
 - The owner of a PBV unit must terminate tenancy if the family is absent from the unit for more than 60 consecutive calendar days and HAP terminated the family's assistance.
 - The owner of a PBV unit must terminate tenancy if HAP terminated the family's assistance for any reason.

Proposed baselines, benchmarks and metrics:

Impact	Metric	Baseline	Benchmark
Increased housing choice	# of PBV units	HAP currently administers over 1,100 PBV units, which adds 1,100 affordable units in our community	Over 1,100 affordable units to remain available in our community via the PBV program
Increased housing choice for at-risk households	# of zero-income households served	Zero-income households currently account for 11.6% of PBV households, and 4.9% of tenant-based voucher households	PBVs will continue to serve a higher percentage of zero-income households than tenant-based vouchers
Annual staff time saved by maintaining site-based PBV waitlists	# hours of staff time associated with maintaining waitlists for PBVs	HAP estimates it would require approximately 917 hours of staff time annually to maintain its own waitlists	HAP will continue to realize savings of approximately 917 hours of staff time annually
Equitable access for households on the tenant-based voucher waitlist	# of PBV households who would request transfer and receive preference without the activity	Based on projections that up to 70% of PBV residents would request to transfer to the tenant-based program, HAP anticipates that 572 households would request tenant-based vouchers annually, severely restricting availability for those on the tenant-based voucher waitlist	HAP will continue to show that without this activity, fewer households would be pulled from the tenant-based waitlist on a yearly basis

Data collection process: The rent assistance department administers and tracks PBVs, as well as the demographics of the households utilizing those vouchers. Additionally, building owners are required to submit semi-annual reports showing agreed-upon outcomes in the PBV program. Owners must also provide information about their waitlists.

HAP is also implementing a tool to track housing barriers for incoming participants (eviction history, criminal history, poor rental history, bad landlord references, etc.) Upon full implementation, HAP believes that a comparison will show that, on average, PBV households have a higher number of barriers than tenant-based voucher households, and therefore would have a lower success rate in the private market without the availability of PBV units. Once these figures are available, HAP will develop appropriate baselines, benchmarks and metrics.

FY2012-P4: EXCEPTION PAYMENT STANDARDS FOR SERVICE-ENRICHED BUILDINGS
(Rent Reform Activity)

Background: Multnomah County is over halfway into its 10 Year Plan to End Homelessness and has long been focused on aligning resources to ensure that households receiving rental subsidies have access to the services they need in order to maintain their housing. Currently, HAP helps to accomplish this goal via both the Shelter Plus Care program and the local Project Based Voucher program. Both programs increase housing choice by focusing on the needs of populations that tend to be less successful in the tenant-based Housing Choice Voucher program, including participants who are disabled, homeless, medically vulnerable, and those with backgrounds that may create high barriers to successful utilization of tenant-based housing.

As permanent supportive housing becomes more prevalent in our community, there is a growing recognition of the necessity to ensure the availability of support services for vulnerable participants. Failure to invest in these necessary services, which do increase the per unit costs for managing the building, generally results in unstable residency and high turnover among those in need of assistance.

In order to ensure that even our most vulnerable households are able to locate housing where they will be successful, HAP is proposing to use MTW authority to establish a rent setting structure that meets the needs of the building and allows owners to plan for the required services.

Use of MTW authority and impact on statutory objective(s): HAP proposes to use MTW authority to use an alternate rent setting policy that will allow the Rent Assistance Director, with Board approval, to set payment standards that are greater than 110% of Fair Market Rents for service-enriched buildings entering into new project-based voucher contracts without requesting HUD approval. The payment standard granted would apply to any unit under the project-based voucher contract serving a highly vulnerable population with intensive services. Financial impact information will be required of owners serving the population and must show that the property cannot sustain the service model without additional revenue. Data will be required of the owner to verify the value of the services being provided, and this cost will not be included when conducting rent reasonableness tests.

Baselines, benchmarks and metrics: To establish a baseline, HAP reviewed housing retention data for Project Based Voucher buildings that house individuals with a history of housing instability – the same type of households who would benefit from enriched services. For these buildings, the average percentage of households over the last five years who retained their housing for a year or more is 57%. This baseline demonstrates what housing retention looks like in buildings that lack the resources to provide intensive services to high barrier households.

MTW authorization:

Attachment C, Section D(2) –
Rent Policies and Term Limits

Statutory objective:

Increase housing choice for low-
income families

Impact	Metric	Baseline	Benchmark
Increased housing choice for participants with significant barriers	Households in units with exception payment standards who retain housing for 12 months or longer	57% of households retain housing for at least 12 months.	<p>Year 1: at least 70% of households in units with exception payment standards will retain housing for 12 months or longer.</p> <p>Year 2: at least 75% of households in units with exception payment standards will retain housing for 12 months or longer.</p> <p>Year 3: at least 81% of households in units with exception payment standards will retain housing for 12 months or longer.</p>

Data collection process: For Section 8 participants who move into units with exception payment standards, basic data is tracked in our primary database (YARDI), including date of program entry, address, and date of program exit. Using this data, as well as 50058 data, HAP can track the length of time that each household remains stably housed in the unit that has the exception payment standard.

Agency's Board approval: Board approval is included in Section VIII, Part B: Board Resolution.

Impact analysis: HAP expects this activity to increase housing stability for participants with significant barriers who are receiving services connected to their housing. HAP will track the percentage of households in units with exception payment standards who retain housing for at least 12 months, and compare it to housing retention for the current Shelter Plus Care program. No household's portion of the rent will increase as a result of implementation of this policy.

Annual reevaluation: HAP will evaluate the number of hardship requests (although none are anticipated) annually to determine if the policy is having a negative impact on residents. Owners and service providers granted the exception payment standard will be required to provide verification of the ongoing services and their value on an annual basis.

Hardship case criteria: Regular rent reform hardship policies will apply.

Transition period: Because there is no anticipated harm to participants or landlords from the implementation of this activity, HAP may begin implementation of this policy immediately upon receiving approval.

Public Hearing: Documentation of public hearing is included in Appendix (E): Public Comment and Appendix (F): November 16, 2010 Board Minutes.

VI. Ongoing MTW Activities: HUD approval previously granted

FY2012-O1: BIENNIAL INSPECTIONS

(Identified Years 9 & 10, Implemented FY2008)

Background: HAP has moved to biennial inspections for some Section 8 households. Initially, participants who resided in the same unit for a minimum of three years and passed two consecutive annual inspections on the first visit qualified for biennial inspections. In 2010, HAP chose to expand the qualifications for biennial inspections to include Section 8 participants who have lived in a unit for one year and have maintained a clean and safe environment. Additionally, these participants must reside in a rental unit that rates a C+ or above and the owner/ landlord must be in good standing with Section 8 requirements.

Status update: The biennial inspection schedule acts as a reward to those who are stable tenants and have a history of taking care of their unit. As of August 31, 2010, there were 1,095 households eligible for biennial inspections. HAP estimates a cost savings of \$100 per inspection, which equates to a savings of \$54,750 a year. This cost savings includes staff time, gasoline, parking, vehicle and all other associated costs incurred during the course of conducting inspections.

Use of MTW authority: HAP has created a biennial inspection schedule for qualifying Section 8 participants. Fewer inspections per year results in cost savings not only in staff time, but in the other associated costs of conducting inspections.

HAP is not requesting any changes or additions to MTW authorizations. The agency is not currently using outside evaluators.

MTW authorization:

Attachment D, Section D(2) –
Revise Section 8 Inspection
Procedures

Statutory objective:

Reduce cost and achieve
greater cost effectiveness in
Federal expenditures

FY2012-O2: LIMITS FOR ZERO-SUBSIDY PARTICIPANTS

(Identified Year 11, Implemented FY2010)

Background: When a participant family achieves adequate income levels to pay their full rent and the housing assistance payment reduces to zero, the family will retain their voucher for 180 days with no subsidy. If, during the 180-day timeframe, the family income reduces and their assistance begins again, it signals a potential pattern. The family will be allowed to repeat this pattern a maximum of two times during their participation in the program. If the family reaches an adequate income level to result in zero housing assistance payment a third time, the family cannot restart assistance and will forfeit its voucher at the end of six months of zero-subsidy, regardless of potential income changes.

Status update: Full implementation of this activity began in FY2010, and there was actually a slight increase in the number of families who cycled from zero-subsidy back to receiving subsidy (13), which is likely attributable to the economy and Oregon's high unemployment rate. It is not surprising that more households would gain income for a time, and then subsequently lose their jobs. No changes have been made to this activity.

Use of MTW authority: HAP has created limits for returning to housing assistance to establish clear standards and expectations of work for participants who are capable of earning income. These limits support individual self-sufficiency efforts, as well as community values around employment stability. At the same time, work-focused participants will still have a generous safety net that recognizes the challenges of obtaining and keeping living-wage employment.

MTW authorization:

Attachment D, Section D(1) –
Establishment of a Local Section
8 / Housing Choice Voucher
Program

Statutory objective:

Give incentives to families with
children where the head of
household is working, is seeking
work, or is preparing for work by
participating in job training,
educational programs, or
programs that assist people to
obtain employment and
become economically self-
sufficient

HAP is not requesting any changes or additions to MTW authorizations. The agency is not currently using outside evaluators.

FY2012-O3: MEASURES TO IMPROVE THE RATE OF VOUCHER HOLDERS WHO SUCCESSFULLY LEASE UP
(Identified Year 11, Implemented FY2010)

Background: HAP has implemented a variety of measures to improve landlord acceptance of Section 8 vouchers in our community (and thus improve the ability of voucher holders to successfully lease up) including:

- Piloting a landlord guarantee fund to provide landlords with reimbursements for damages by Section 8 participants, up to a maximum of two months' rent.
- Teaching a 12-hour tenant education course to applicants on the Section 8 waiting list who have rental barriers, prior to these applicants receiving a voucher. Course graduates have access to another guarantee fund which can reimburse landlords for unpaid tenant rent, damages, or court costs related to evictions.
- Providing vacancy loss payment to owners through the end of the month after the move-out month when vacancies are unforeseen or unexpected (such as death or skip) and the owners have not received proper notice of intent to vacate.

Status update: All activities were implemented during FY2010; however, HAP issued no Section 8 vouchers between October 2008 and October 2009, which delayed our ability to assess the impact of these activities on our leasing rate. Over 230 vouchers were issued in late 2009 and early 2010, and HAP is pleased to report that our leasing success rate is 91%, compared with 76% at the time these new initiatives were implemented.

The Landlord Guarantee Fund has been made available to roughly half the households receiving new vouchers in Multnomah County. Tenant education classes were made available to any interested applicant, but less than 25% of applicants chose to enroll. Therefore, HAP has the ability to evaluate the impact of these activities compared with a control group.

At the same time that HAP implemented these initiatives, staff also increased outreach and leasing support to applicants, including one-on-one follow up with households who do not lease within the first 30 days. This increased support has been appreciated by the community and will carry on if HAP staff continues to have the capacity to do so. Our overall leasing rate has improved significantly, but early results of our data analysis indicate that although the Landlord Guarantee Fund and the tenant education classes both improved applicants' abilities to lease up quickly, these activities alone have not yet resulted in an increase in the number of people who successfully lease up. Applicants who did not access the guarantee fund or tenant education classes had the same success rate as those who accessed one of those initiatives. Continued analysis will be conducted over the rest of 2010 before final conclusions are drawn regarding the efficacy of these two initiatives.

MTW authorizations:

Attachment C, Section B(1) –
Single Fund Budget with Full
Flexibility

Attachment C, Section D(1)d –
Operational Policies and
Procedures

Attachment C, Section D(3)b –
Eligibility of Participants

Attachment D, Section D(1) –
Establishment of a Local Section
8/ Housing Choice Voucher
Program

Statutory objective:

Increase housing choices for
low-income families

During 2009, HAP also began providing vacancy loss payments to owners through the end of the month after the move-out month when vacancies were unforeseen. HAP has made a relatively small number of these payments, but most requests by landlords of this nature are honored, and landlords are extremely appreciative.

When a vacancy loss payment is issued as the result of a "skip," those participants are typically terminated from the program for violation of their lease, and thus HAP's Family Obligations. HAP does not typically attempt to recoup vacancy loss payments from former participants, as the participants are unlikely to have the funds available to make the payment, and the time and cost of turning them over to collections is not worth the effort. However, participants who "skip" on a landlord are assigned a "Do Not Rehouse" status with HAP, which means that they cannot access any of HAP's housing for three years.

Beginning in FY2012, HAP will measure the impact of the vacancy loss payment. We will ask landlords who request a vacancy loss payment if they would consider renting to another Section 8 participant in the future. This will allow us to assess how many landlords are "retained" after a negative experience with a Section 8 tenant. Additionally, we will monitor the number of vacancy loss payments and the cost to HAP.

Use of MTW authority: Funding for these activities was made possible by fungible Section 8 dollars. The policy changes reflect HAP's ability to create a local Section 8 Housing Choice Voucher program, with the goal of increasing landlord participation in the program and, therefore, increasing housing choices for low income households.

HAP is not requesting any changes or additions to MTW authorizations. The agency is not currently using outside evaluators.

FY2012-O4: MODIFIED CONTRACT RENT DETERMINATIONS AND PAYMENT STANDARD ADJUSTMENTS FOR PBV UNITS
(Identified Year 12, Implemented FY2011)

Background: During Plan Year 4, HAP modified the way contract rents are determined for project-based voucher (PBV) units. The traditional Housing Choice Voucher calculation has an affordability test embedded within it. To ensure that zero-income, high-barrier applicants meet this affordability test, PBV units are limited to a contract rent equal to the lower of 1) the payment standard, less the applicable tenant paid utility allowance or 2) the reasonable rent based on the private market. HAP made this policy decision because it has committed to target PBV assistance specifically to hard to serve households, which necessitates additional protections to ensure that zero-income, high-barrier households are able to afford these units.

In conjunction with this rule, HAP revised its policy on application of payment standards for PBV participants. Previously, because of participants' biennial review schedule, it could take up to two years for some households before an increase in payment standards was used to calculate subsidy, even if contract rents are increased in the interim. This can result in zero-income households being required to pay a portion of the rent. The new policy is applied as such:

- When HAP determines, upon review of market conditions and other factors, that it is prudent to increase payment standards, HAP will use the new increased payment standards to calculate the amount of subsidy beginning on the next anniversary date of the PBV Housing Assistance Payments Contract following the effective date of the increase;
- When HAP determines, upon review of market conditions and other factors, that it is prudent to decrease payment standards, HAP will use the new decreased payment standards to calculate the amount of subsidy beginning on the second anniversary date of the PBV Housing Assistance Payments Contract following the effective date of the decrease.

Status update: HAP has increased the payment standards twice since implementing this policy. In February 2010, we increased the Studio and Single Room Occupancy (SRO) payment standards to 100% of Fair Market Rent, and in July 2010 we increased the One-Bedroom, Studio, and SRO payment standards for units in the Downtown Portland area. A number of properties have had anniversary dates since the payment standards were changed, and while we are still smoothing out the process of managing rent increase requests and adjustments, landlords are generally pleased with the changes, and we believe that the timeliness of adjustments in subsidy has had a positive impact on tenant stability.

Use of MTW authority: MTW authority allows HAP to establish payment standards and set rents that differ from the standard formula. Since HAP used this flexibility to limit the PBV unit rents to accommodate zero-income applicants and participants, adapting the timing of applying payment standard adjustments ensures the most favorable impacts to the participants and the PBV landlords, thereby helping to increase housing choices for low-income households.

MTW authorization:

Attachment C, Section D(2) –
Rent Policies and Term Limits

Statutory objective:

Increase housing choice for
low-income families

HAP is not requesting any changes or additions to MTW authorizations. The agency is not currently using outside evaluators.

FY2012-O5: ALTERNATE RENT CALCULATION FOR PUBLIC HOUSING UNITS AT ROCKWOOD STATION, MARTHA WASHINGTON AND THE JEFFREY

(Identified Year 12, Implemented FY2011)

Background: In FY2011, HAP brought a number of replacement public housing units back into service at Rockwood Station, Martha Washington and the Jeffrey. Public housing units at these properties were embedded into larger, non-subsidized communities. Since these sites are managed by outside management companies, HAP proposed simplifying the rent calculations to minimize their training curve and to create efficiencies.

At Rockwood Station, a family site, HAP eliminated all standard public housing deductions and allowances, and calculated the rent based on 30% of gross household income. At the Martha Washington and the Jeffrey, both properties that house individuals with multiple high barriers, HAP eliminated all deductions and allowances, and calculated the rent based on 27.5% of gross income.

Status update: The units at the Martha Washington and the Jeffrey were leased up in June and July 2010 using this alternate rent calculation. Most residents living at these sites are either at zero-income or are receiving the minimum amount of Supplemental Security Income (\$674/month). For this reason, there are no individuals who have large out-of-pocket medical expenses and there have been no hardship requests.

Families at Rockwood Station were brought online in December 2009 and are currently using the standard public housing rent calculation. It was HAP's intent to roll out the alternate rent calculation at residents' next annual reviews in December 2010; however, with HAP's proposed rent reform to include all public housing sites, we will instead incorporate Rockwood Station into this group. The exception would be if the broader rent reform initiatives outlined in Proposed Activity FY2012-P1 are not approved; if this is the case, HAP would implement the previously approved alternate rent calculation at Rockwood Station.

Use of MTW authority: While HAP can add replacement public housing units into larger affordable housing developments without it, MTW authority is critical in creating simplifications that ensure private property management firms can administer the public housing program in the context of managing the entire property. This serves both to increase housing choice for low-income families and achieve greater cost effectiveness for HAP.

MTW authorizations:

Attachment C, Section C(11) –
Rent Policies and Term limits

Attachment C, Section C(2) –
Local Preferences and
Admission and Continued
Occupancy Policies and
Procedures

Statutory objectives:

Increase housing choice for
low-income families

Reduce cost and achieve
greater cost effectiveness in
Federal expenditures

At the Jeffrey and at Rockwood Station, HAP uses MTW authority to provide ACOP preferences for existing residents of the two properties to receive the new subsidy.

HAP is not requesting any changes or additions to MTW authorizations. The agency is not currently using outside evaluators.

FY2012-O6: RESOURCE ACCESS CENTER DEVELOPMENT

(Identified in Plan Years 9-11; Implemented FY2010)

Background: HAP is serving as the master developer for this new facility to house the City of Portland and Multnomah County's primary day access center for people experiencing homelessness, a 90-bed men's shelter and approximately 130 units of affordable housing for people with very low incomes. All 130 units will serve as Permanent Supportive Housing. The City of Portland will also contribute annual operating subsidy to support the housing, shelter and day access center.

Status update: The financial closing for this development occurred in November 2009; construction has begun and is scheduled for completion in summer 2011.

It is HAP's intent that in the long term, the units at the Resource Access Center will be covered under the Local Blended Subsidy (LBS) funding model (Proposed Activity FY2012-P2). Because HAP cannot discuss the LBS model with its tax credit partners until after the FY2012 MTW Plan has been approved, the property will be a combination of public housing and project-based Section 8 units when it comes on line in July 2011. Upon approval of the LBS model, HAP will start discussion with its tax credit partners, with the goal of converting to the LBS model in January 2012.

Use of MTW authority: HAP is adjusting the public housing screening criteria in order to accommodate the populations that this facility is intended to serve. Additionally, HAP intends to modify project-based Section 8 screening criteria for this property per our MTW activity that allows us to adjust screening criteria in buildings with appropriate services (see Proposed Activity FY2012-P3: Local Project-Based Voucher Program). The goal is to establish low intake barriers while ensuring that individuals do not have a history of person-to-person crime or drug distribution that might endanger the safety of other residents or the success of the project. HAP is developing a tenant selection plan and making changes to the Admissions and Continued Occupancy Policy (ACOP) that will set forth the criteria for selection and occupancy, for admission thresholds suitable to housing this special needs population.

The transfer process for residents at the RAC will differ from other public housing properties. Residents at the RAC will not be able to transfer to another public housing property unless they are able to pass the general public housing screening criteria. Because the RAC has lowered screening criteria, it is not consistent with current policies to transfer an individual to a property where they would not qualify for residency. HAP will make every attempt to accommodate

MTW authorizations:

Attachment C, Section C(2) –
Local Preferences and Admission
and Continued Occupancy
Policy

Attachment C, Section D(4) –
Section 8 Waiting List Policies

Attachment C, Section D(3) –
Eligibility of Participants

Statutory objectives:

Increase housing choice for low-
income families

Reduce cost and achieve
greater cost effectiveness in
Federal expenditures

individuals requiring transfers at the RAC within the property. If an individual is in imminent danger due to domestic violence, HAP will work with that resident and social service providers to find an alternative unit to maintain their safety. Those residents who have an approved transfer and are able to pass the general public housing screening criteria will be allowed to transfer to any public housing property, as described below.

Residents at the RAC who are in good standing for at least 12 months and are able to pass general public housing screening criteria will have the option of applying to any public housing property waiting list, regardless of whether the list is open or closed. Once approved, their application will be placed on the desired waiting list in the order of date and time of approval. HAP is proposing this application preference because if a resident living at the RAC no longer requires the intensive services offered at this property, it is a better utilization of resources to transfer that resident to another property, thereby creating the opportunity to offer those services to another vulnerable individual.

HAP has removed the reference to adding information to the ACOP regarding preferences for a designated number of units for (a) the chronically homeless, (b) other homeless, formerly homeless and/or persons at high risk for homelessness, and (c) persons who need housing as part of a homelessness prevention strategy. HAP will use a preference/ ranking system at the Resource Access Center that is already available to other housing authorities and does not require MTW status. The details of this system will be documented in HAP's ACOP.

HAP has removed reference to authorizations related to use of CM/GC (Attachment D, Section A(3) – Mixed Finance Flexibilities). HAP has removed reference to authorizations related to exceeding the standard 25% limit of project-based Section 8 units in one building (Attachment C, Section D(1)e – Operational Policies and Procedures), which is described in Proposed Activity FY2012-P3: Local Project-Based Voucher Program.

The agency is not currently using outside evaluators.

FY2012-07: OPPORTUNITY HOUSING INITIATIVE

(Identified Years 9-11, Implemented Years FY2008-FY2010)

Background: HAP's Opportunity Housing Initiative (OHI) provides a five-year family self-sufficiency program for families living in public housing or receiving Section 8 rent assistance. Of the four current models, three are site-based at Fairview Oaks, Humboldt Gardens and New Columbia. Program elements include case management, workshops and training, a savings account and peer support. The savings program is modeled on a strike point system, where every dollar above a monthly rent of a certain amount (or strike point) is redirected to an escrow account. Funds in the savings can be used to meet self-sufficiency goals while in the program or upon graduation. Graduation includes exiting public housing or Section 8 assistance. Participants who do not successfully graduate are not terminated from subsidized housing, but will not receive their accrued savings. The fourth OHI model is a collaborative program with the Department of Human Services (DHS). This program is linked to Section 8 vouchers and uses the traditional Family Self-Sufficiency escrow model.

Status update:

Fairview Oaks: (Identified Year 9, Implemented FY2008) At Fairview, participation in OHI is required of all families receiving public housing subsidy. We currently have forty individuals enrolled in the program. Four people have graduated: three have graduated to market rate housing and one household has graduated to home ownership.

Humboldt Gardens: (Identified Year 9, Implemented FY2009) Participation in OHI is required of all work-able families living at Humboldt Gardens. There are currently 73 households enrolled in the program, which focuses on creating a community culture of work.

New Columbia: (Identified Year 11, Implemented FY2010) All of the fifty available slots for participating families have been filled. HAP is also partnering with WorkSystems, Inc. and Portland Community College to develop and staff a satellite office to serve not only OHI participating families, but also the larger community. The office offers employment and workforce development services at the New Columbia Opportunity Center. Finally, New Columbia has initiated a work preference for applicants desiring to live in public housing or Project-based Section 8 at that site.

DHS Voucher Program: (Identified Year 9, Implemented FY2009) The DHS Voucher program allows the State to select families already receiving TANF services and refer them to HAP for rent assistance in the form of DHS vouchers that mirror the regular Housing Choice Voucher program. Seventeen households remain in the program, receiving case management assistance from DHS and participating in workshops, training and an escrow savings program through HAP. Participants have shown an average annual income increase of 8.6% since the program began. Pilot funds will be fully expended by December 2011, at which time any participants who are not yet financially self-sufficient will

MTW authorization:

Attachment C, Section E –
Family Self Sufficiency Programs

Statutory objective:

Give incentives to families with children where the head of household is working, is seeking work, or is preparing for work by participating in job training, educational programs, or programs that assist people to obtain employment and become economically self-sufficient

receive a regular Section 8 voucher and will continue working towards employment goals via HAP's GOALS (FSS) program.

Use of MTW authority: HAP uses MTW authority to operate its OHI self-sufficiency program exempt from certain HUD program requirements, such as establishing a strike-point savings program and creating participation requirements that differ from the traditional HUD self-sufficiency program.

HAP is not requesting any changes or additions to MTW authorizations. The agency is not currently using outside evaluators.

VII. Sources and Uses of Funding

Due to the timing of HAP's annual budget cycle, the forecasts below are only preliminary. HAP's annual budget is presented to the Board for adoption at the March Board meeting each year. In order to meet HUD guidelines, the annual MTW Plan is presented for initial review in November and then adoption in December. Thus, these preliminary forecasts are projected two months prior to adoption of the budget and often require changes during the budget process.

ARRA and competitive HUD grant activities are not included in the Sources & Uses.

A. Sources & Uses of MTW Funds

Sources of Funds	Preliminary Plan	Uses of Funds	Preliminary Plan
Rental Revenue	4,725,598	Housing Assistance Payments ³	55,119,411
Section 8 Subsidy	62,916,889	Administration	9,290,112
Operating Subsidy	10,829,105	Tenant Services	794,069
HUD Grants ¹	1,361,926	Maintenance	5,854,460
Other Revenue	1,746,042	Utilities	2,073,122
HUD Non-Operating Contributions ²	5,528,751	General	421,913
Total Sources	87,108,311	PH Subsidy Transfer	1,584,294
		Overhead Allocations	3,235,543
		HUD Capital Expenditures	5,528,751
		Total Uses	83,901,675

¹HUD Grants reflects Capital Fund used for operating expenses including modernization/rehab that is less than our capitalization threshold.

²HUD Non-Operating Contributions reflects Capital Fund Contributions.

³The difference in sources versus uses results from Section 8 subsidy exceeding Housing Assistance Payment on a per-unit basis. The positive variance is placed in reserves.

B. Sources & Uses of State and Local Funds

Sources of Funds	Preliminary Plan	Uses of Funds	Preliminary Plan
State, Local & Other Grants		Housing Assistance Payments (STRA)*	1,090,573
Cities of Portland/Gresham	1,093,114	Administration	143,403
Multnomah County	651,839	Tenant Services	281,492
State of Oregon	10,096	Maintenance	59,071
Non-Operating Capital Contributions		Utilities	29,012
City of Portland	5,073,956	General	2,439
Multnomah County	1,508,217	Other Personnel Expense	74,893
State of Oregon	1,036,563	PH Subsidy Transfer	--
Total Sources	9,373,785	Central Office Cost Allocations	74,166
		Capital Expenditures	7,618,736
		Total Uses	9,373,785

*Short-term Rent Assistance

C. Sources & Uses of COCC

Not applicable. HAP uses a cost allocation system.

D. Allocation Method for Central Office Costs

The Housing Authority of Portland has elected to use an allocation method for central office costs. We have a variety of administrative departments and have developed a method to allocate these departments based on the key drivers of expense. This methodology meets the requirements of OMB A-87.

The allocation method is as follows:

Level 1:

- a. The cost of the administrative office building is allocated to the departments based on space occupied

Level 2:

- a. The executive department is allocated equally to each of the operating groups
- b. Human Resources, Purchasing and IT are allocated to the operating groups based on FTEs within the operating groups
- c. Accounting and Finance is allocated to the operating groups based on a combination of operating expenses and fixed assets

Level 3:

- a. Public Housing Administration as well as the central office allocations to public housing are then allocated to the properties based on units
- b. Rent Assistance Administration (Housing Choice Vouchers and other Rent Assistance Programs) as well as the central office allocations to Rent Assistance are then allocated to the departments within this operating group based on vouchers
- c. Resident Services Administration as well as the central office allocations to Resident Services are then allocated to the departments based on operating expenses

Allocated overhead is reported separately from direct operating costs in the operating group financial reports. The allocations result in a net zero Net Operating Income/Loss for the administrative departments.

E. Uses of Single-Fund Flexibility

HAP's MTW authority provides the opportunity to combine public housing operating and capital funds, and Section 8 voucher program funds into a single source used to meet MTW objectives. It is used in the following ways:

- 1) HAP's efforts to reposition its public housing portfolio can result in a formal disposition approval from HUD and then the sale of the asset. In these instances, Replacement Housing Factor (RHF) funds are received by HAP as part of the Capital Fund Formula and used to create a new public housing unit. HAP desires the flexibility to use these RHF funds within its single fund flexibility to create new public housing units within a mixed finance project. In doing so, these RHF funds provide a portion of the total development capital needed for a particular project. Given the development cash flow needs of any particular mixed finance project, HAP also desires to use the RHF funds to repay construction financing. This would be done without formally pledging the future RHF funds to the lender as collateral.
- 2) HAP uses single-fund flexibility for costs associated with implementing rent reform (Proposed Activity 1); local blended subsidy (Proposed Activity 2); and measures to improve the rate of voucher holders who successfully lease up (Ongoing Activity 3).
- 3) HAP is using single-fund flexibility to create a funding source for significant initiatives that will advance the statutory objectives of MTW and HAP's recently adopted Strategic Directions (Section IV, Long-Term MTW Plan and Appendix A.) HAP understands that HUD will approve these allocations, called "MTW Initiative Funds", on a year-to-year basis. They are presented in a two-year view (next page) to provide a longer-term horizon of the strategies and their implementation. In the cases of rent reform and local blended subsidy, those activities also appear in Section V (Proposed MTW Activities) because they use other MTW authorizations in addition to single-fund flexibility. For all other activities listed, single-fund flexibility is the only authorization required, and therefore, those activities appear only in this section of the plan.

MTW Initiative Funds (MIF)	Fiscal Year 2012		FY 2013	Two Year Total
	One Time Allocations	Ongoing Initiatives	Ongoing Initiatives	
Local Blended Subsidy Administrative and legal expenses	\$250,000			\$250,000
Public Housing Preservation Initiative Capital repairs	\$500,000			\$500,000
Develop Plans for Aging in Place Strategies Contracted technical assistance	\$25,000			\$25,000
Short Term Rent Assistance Ongoing support and expansion of existing program		\$500,000	\$500,000	\$1,000,000
Agency Based Assistance Rent assistance administered by partners with service enrichments		\$605,000	\$605,000	\$1,210,000
Tiered Self-Sufficiency Work-focused supports to employment (includes child care)		\$744,050	\$744,050	\$1,488,100
Expansion of Benefits Assistance Supports for residents to access SSDI and other benefits		\$67,000	\$72,000	\$139,000
Moving Youth to Career & School Success Youth employment supports		\$240,000	\$260,000	\$500,000
Youth Endowment Leverage for scholarships and educational opportunities	\$500,000			\$500,000
Develop Plans for Youth Supports Contracted technical assistance	\$25,000			\$25,000
Rent Reform Database(YARDI) upgrade in FY 2012 Loss of revenue due to phase-ins and hardships	\$195,000	\$125,000	\$125,000	\$445,000
Community Engagement Initiative Fund Community building and partnership activities		\$250,000		\$250,000
Total Direct Costs of Requested Initiatives	\$1,495,000	\$2,531,050	\$2,306,050	\$6,332,100
Annual MTW Evaluations		\$40,000	\$40,000	\$80,000
Staff and overhead costs @ 20% of direct costs	\$299,000	\$506,210	\$461,210	\$1,266,420
Total Anticipated Cost	\$1,794,000	\$3,077,260	\$2,807,260	\$7,678,520

VIII. Administrative

A. Public Process

HAP has taken the steps below to ensure a thorough public process in the development and adoption of the MTW plan. Comments received are included in Appendix (E): Public Comment. HAP received no written correspondence.

October 5, 2010:	Rent reform report posted on HAP's website
October 11-23, 2010:	Rent reform outreach meetings held; see page 44 for more information
October 29, 2010:	Draft of MTW plan posted on HAP's website for public comment and input
Oct 31 & Nov 7, 2010:	Public notice published in the Oregonian announcing the public hearing on November 16; text and Affidavit of Publication included in Appendix (D)
November 8 & 9, 2010:	Community stakeholder meetings held
November 10, 2010:	Draft of MTW plan reviewed at the Board of Commissioners work session
November 16, 2010:	Public hearing / Board meeting held; meeting minutes are included in Appendix (F)
November 23, 2010:	MTW plan presented to the Resident Advisory Committee
December 14, 2010:	Approval by Board of Commissioners – resolution included in Administrative Section, Part B

Public process – Rent Reform at HAP

Due to the scale and impact of rent reform, HAP conducted significant resident and participant outreach regarding the proposed policies, in addition to the standard process specific to MTW planning.

HAP began outreach very early in the rent reform process, starting with presentations to our Resident Advisory Committee. The committee was briefed on the changes to the rent calculation at a number of their meetings in 2009 and 2010. They provided feedback on the policy itself, as well as suggestions for the outreach process and the report that would be available to the public. Members of the Resident Advisory Committee also attended and helped staff some of the outreach meetings.

HAP also met with our 504 Disability Board in early October 2010 to review the policy and seek input. HAP staff answered questions from the group and took note of the group's comments and suggestions.

In early October 2010, HAP staff mailed letters to approximately 10,000 of HAP's residents and participants, informing them of the intention to change the way their rent is calculated. The letter included an invitation for residents and participants to attend any one of six outreach meetings, the website address to access the "Rent Reform at HAP" report online, and a phone number they could call to request more information. The letters also included an email address for questions or input, and wording in other languages that provided a phone number if people needed translation.

In the weeks after the letters were delivered, the rent reform phone line received almost 400 calls. The majority of callers requested hard copies of reports; HAP staff mailed approximately 350 reports and very few people had follow-up questions after they received a copy. Additionally, people were able to access the report on HAP's website. The website also included a shorter summary of the report in English, Vietnamese, Spanish and Russian, and listed again the information for the six outreach meetings.

The six outreach meetings were held the second and third weeks of October 2010. Each meeting was at a different location spread around the county HAP serves and meetings were offered in the morning, evening, and on the weekend. Three of the meetings offered translation services, and five of the meetings offered childcare. There was strong attendance throughout the process: approximately 250 attendees in total. Overall, approximately 80% of attendees were seniors and people with disabilities, and the majority of attendees were voucher holders. There were large populations of Vietnamese and Russian speakers at a few of the meetings.

Meetings began in a large group, with introductions and descriptions of policy changes that would affect both work-focused families, and seniors and people with disabilities. After that, attendees broke into smaller groups by population, where the calculation was described in more detail and attendees were given the opportunity to ask questions and provide feedback. HAP staff took note of questions asked, and at the end of the meetings, attendees were provided additional opportunities to meet with staff one-on-one if they liked. Most groups had a lot of questions, but staff were able to provide answers and attendees left seeming satisfied, thanking staff for the time and attention.

HAP staff will continue to be available to residents and participants who may have questions or comments about rent reform. The website, phone lines and email address will remain active at least through the end of the calendar year.

Rent Reform Community Information Sessions

Mon, Oct 11, 2010 – approximately 65 attendees

Wed, Oct 13, 2010 – approximately 17 attendees

Fri, Oct 15, 2010 – approximately 27 attendees

Thurs, Oct 21, 2010 – approximately 63 attendees

Sat, Oct 23, 2010 (morning) – approximately 31 attendees

Sat, Oct 23, 2010 (afternoon) – approximately 35 attendees

FREQUENTLY ASKED QUESTIONS

Seniors/People with Disabilities

Q: I have a permanent disability. If I get a job, will I switch to the work-focused group?

A: No, getting a job would not change you to the work-focused group.

Q: What will determine how disability is defined by HAP? Will only those currently receiving benefits qualify as disabled by HAP?

A: We'll continue to use our current way of defining disability, which is broader than only those who receive benefits such as SSDI. A doctor can certify the disability – page 14 of our Rent Reform at HAP report (included in Appendix (B) of the MTW Plan) contains the full definition of who qualifies for a disability.

Q: Are you eliminating medical deductions?

A: Yes. For seniors and people with disabilities, we're lowering the percentage of income we use to calculate your rent from 30% to 27.5%. For the majority of the population, this reduction makes up for the elimination of medical deductions.

Q: What if I have so many medical expenses that my rent goes up without the current medical deduction?

A: We will have a phase-in and hardship policy that will help protect those who have significant medical expenses, who would see their rent go up with the new calculation.

Q: This seems like more work, not less, because of all the people with medical expenses who will apply for a hardship policy.

A: We've done an analysis of our current households, and there are actually very few people who have such high medical expenses that they'll need to apply for a hardship policy. Only those people will need to keep their medical receipts.

Q: Does this target people who have the most medical expenses?

A: Most seniors and people with disabilities will see no change or even a lower rent burden. This will leave us just a small number of households to focus hardship protections on, and we will do that on an individual basis.

Q: Are utility allowance amounts annual or monthly?

A: Monthly.

Q: How does this affect LIEAP (Low-income Energy Assistance Program)?

A: This will not change how you interact with LIEAP, but it will make it easier for LIEAP to understand what utility allowances are given by HAP.

Q: Are we still going to have the same forms? Will there still be so much paperwork?

A: Some of the forms will change with the new rent calculation. We intend the move to triennial reviews and eliminating deductions to reduce and simplify the paperwork.

Q: What if my income changes during the three years in between reviews?

A: If your income increases, your rent will not be adjusted until your next regular review. The exception to this is people with zero income: these households will have six month check-ins, and rent will be adjusted when income begins. If you lose income, you can ask for an interim review to re-adjust your rent during that time that your income is lost.

Q: Right now, if I get a temporary job between my reviews, it's so much hassle to do all the paperwork, it discourages me from getting a job. Will that change?

A: In between triennial reviews, we will not increase your rent if you have a new source of income, and you won't have to report it until your next review. As described above, the exception is people with zero income.

Q: I have a small amount of sporadic income. How often do I have to report that?

A: We may use your past income reporting (such as your income tax filing) to project your future income at the time of your review. This would be determined on a case-by-case basis.

Q: Are you going to use income from the past few months, or project the income you'll have in the future?

A: This depends on the type of income you have. HUD encourages us to project future income when possible – for example, if you have had a job for the last month, we'll assume that you'll keep that job for the next year and calculate your rent based on that projected income. (If you should lose the job, you can apply for an interim adjustment to re-calculate your rent.) But in cases of very stable income, such as SSI, we may look at your past income to calculate your rent.

Q: What would happen if I earned so much money I didn't qualify for Section 8?

A: We only use income qualifications for Section 8 when you enter the program. After that, if you earn enough income that your rent calculation results in you paying all of your rent, you enter a zero-assistance period. This is a six month safety net to make sure your income is stable, before your assistance ends and we offer your voucher to another household in need.

Q: When is this going into effect?

A: We will bring this to our Board of Commissioners for approval in December. At the very earliest, the change in rent calculation will go into effect in the spring of 2011. We have a lot of work to do before then, and part of that involves a large change to our computer software. We'll communicate with residents and participants again when the change is going to be effective.

Q: After HAP adopts the new rent policy, when will I see my rent change?

A: This will take some time to phase in. We're not sure yet how we'll move people onto the new system – it could be linked to your current recertification date, or it could be some sort of alphabetical system. We'll communicate the process with you when we've worked it out.

Q: What happens when Section 8 payment standards change?

A: We're working on our computer system to see if we'll be able to do automatic adjustments to rents when payment standards change.

Q: How do I know I won't become homeless when my rent goes up because of the new calculation?

A: We expect the hardship and phase-in policies to protect people from the risk of homelessness. If you are struggling to pay your rent or getting behind, you should talk to your public housing site manager or Section 8 case manager right away.

Q: I have a Section 8 voucher. Will I still be allowed to move after one year in my apartment?

A: Yes, that policy will not change.

Q: Will these new rules apply across the country?

A: These changes are for HAP housing and assistance, only in Multnomah County.

Q: I have a Section 8 voucher. Will I still be allowed to move out of the county?

A: Yes, portability policies will not change.

Q: Will the inspections schedule also change to every three years?

A: The current inspections schedule will remain the same. Public housing units are inspected annually. In Section 8, inspections may happen annually or biennially, depending on the household or the property.

Q: Could some reviews be done over the phone?

A: We will continue to do in-person interviews, but we're hoping the move to triennial reviews will help alleviate some of the burden.

Work-Focused

Q: Is there any help if I am a student with no income?

A: Student financial aid, such as state and federal grants, will not be counted toward the income used to calculate your rent. If your rent burden is high while you're a student, you may qualify for a hardship consideration.

Q: If I have a lot of kids, what should I do if my rent goes up because there's no dependent deduction?

A: There will be a phase-in policy to help households with a lot of children. In addition, this may be an area where your household would qualify for hardship consideration.

Q: Will you use my past income to determine my future income and rent calculation for the next two years?

A: We will use your current situation and project forward.

Q: What if I don't currently have any income?

A: We will meet with you once every six months to help determine what barriers you have to working and refer you to resources in the community. Once you get income, we will calculate your new rent and move you onto biennial reviews.

Q: I am on the GOALS program. How will rent reform affect me?

A: Because of the way the escrow is calculated for people participating in GOALS, we may keep the rent calculation the same. Your GOALS coordinator will know more when rent reform is implemented.

Q: What if I lose my job?

A: Households that experience a loss of income can request an interim review to recalculate their rent. If a minimum rent situation would apply and the household qualifies, you may also seek a hardship consideration.

Q: How do I get involved in programs that help me save money?

A: You can contact your caseworker, site manager, or one of our self-sufficiency programs.

B. Board Resolution

M E M O R A N D U M



DATE: December 14, 2010

TO: Board of Commissioners

FROM: Michael Buonocore, Program Director – Policy and Planning

SUBJECT: Resolution 10-12-02 authorizes the Housing Authority of Portland (HAP) to submit the Moving to Work (MTW) Thirteenth-Year Annual Plan to the Department of Housing and Urban Development (HUD)

The Board of Commissioners is requested to authorize HAP to submit the MTW Thirteenth-Year Annual Plan to the Department of Housing and Urban Development (HUD). This year's report corresponds to HAP's fiscal year 2012.

Background

Since becoming an MTW agency in 1999, HAP has been allowed to intermingle operating subsidies and capital allocations and to waive certain HUD regulations in favor of locally developed policies for the benefit of our residents, participants and community. Two years ago, we signed a ten year agreement with HUD that will preserve our MTW designation until 2018.

This year's plan has been presented to community stakeholders, HAP's Resident Advisory Committee and to the Board of Commissioners at a public hearing. All feedback and our responses made during the public comment period have been included for your reference and are provided to HUD as part of our MTW Plan submission. HAP will continue to work with the community as this year's proposed initiatives are implemented.

Conclusion/Recommendation

Staff recommends approval of resolution 10-12-02.



RESOLUTION 10-12-02

RESOLUTION 10-12-02 AUTHORIZES THE HOUSING AUTHORITY OF PORTLAND (HAP) STAFF TO SUBMIT THE MOVING TO WORK (MTW) THIRTEENTH YEAR ANNUAL PLAN TO THE DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT (HUD)

WHEREAS, this plan provides HAP with the authority to adopt new policies and to flexibly use HUD funding to maximize the effectiveness of this important resource; and

WHEREAS, on November 8 and 9, 2010, HAP staff met with community partners to review the draft MTW plan; and

WHEREAS, on November 16, 2010, the HAP Board of Commissioners conducted a public hearing on the draft MTW plan; and

WHEREAS, HUD has requested that the Housing Authority of Portland Board of Commissioners authorize the execution of its MTW Thirteenth Year Annual Plan.

NOW, THEREFORE, BE IT RESOLVED, by the Board of Commissioners of the Housing Authority of Portland that the Chair of the Housing Authority of Portland is authorized to enter into and execute the MTW Thirteenth Year Annual Plan with the Department of Housing and Urban Development.

Adopted: December 14, 2010

HOUSING AUTHORITY OF PORTLAND

Lee E. Moore, Sr., Chair

Attest:

Steven D. Rudman, Secretary

**Annual Moving to Work Plan
Certifications of Compliance**

**U.S. Department of Housing and Urban Development
Office of Public and Indian Housing**

**Certifications of Compliance with Regulations:
Board Resolution to Accompany the Annual Moving to Work Plan**

Acting on behalf of the Board of Commissioners of the Public Housing Agency (PHA) listed below, as its Chairperson or other authorized PHA official if there is no Board of Commissioners, I approve the submission of the Annual Moving to Work Plan for the PHA fiscal year beginning 04/01/2011, hereinafter referred to as “the Plan”, of which this document is a part and make the following certifications and agreements with the Department of Housing and Urban Development (HUD) in connection with the submission of the Plan and implementation thereof:

1. The PHA published a notice that a hearing would be held, that the Plan and all information relevant to the public hearing was available for public inspection for at least 30 days, that there were no less than 15 days between the public hearing and the approval of the Plan by the Board of Commissioners, and that the PHA conducted a public hearing to discuss the Plan and invited public comment.
2. The Agency took into consideration public and resident comment before approval of the Plan by the Board of Commissioners or Board of Directors in order to incorporate any public comments into the Annual MTW Plan.
3. The PHA will carry out the Plan in conformity with Title VI of the Civil Rights Act of 1964, the Fair Housing Act, section 504 of the Rehabilitation Act of 1973, and Title II of the Americans with Disabilities Act of 1990.
4. The PHA will affirmatively further fair housing by examining their programs or proposed programs, identify any impediments to fair housing choice within those programs, address those impediments in a reasonable fashion in view of the resources available and work with local jurisdictions to implement any of the jurisdiction’s initiatives to affirmatively further fair housing that require the PHA’s involvement and maintain records reflecting these analyses and actions.
5. The PHA will comply with the prohibitions against discrimination on the basis of age pursuant to the Age Discrimination Act of 1975.
6. The PHA will comply with the Architectural Barriers Act of 1968 and 24 CFR Part 41, Policies and Procedures for the Enforcement of Standards and Requirements for Accessibility by the Physically Handicapped.
7. The PHA will comply with the requirements of Section 3 of the Housing and Urban Development Act of 1968, Employment Opportunities for Low- or Very-Low Income Persons, and with its implementing regulation at 24 CFR Part 135.
8. The PHA will comply with requirements with regard to a drug free workplace required by 24 CFR Part 24, Subpart F.
9. The PHA will comply with requirements with regard to compliance with restrictions on lobbying required by 24 CFR Part 87, together with disclosure forms if required by the Part, and with restrictions on payments to influence Federal Transactions, in accordance with the Byrd Amendment and implementing regulations at 49 CFR Part 24.
10. The PHA will comply with acquisition and relocation requirements of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 and implementing regulations at 49 CFR Part 24 as applicable.

11. The PHA will take appropriate affirmative action to award contracts to minority and women's business enterprises under 24 CFR 5.105(a).
12. The PHA will provide HUD or the responsible entity any documentation that the Department needs to carry out its review under the National Environmental Policy Act and other related authorities in accordance with 24 CFR Part 58.
13. With respect to public housing the PHA will comply with Davis-Bacon or HUD determined wage rate requirements under Section 12 of the United States Housing Act of 1937 and the Contract Work Hours and Safety Standards Act.
14. The PHA will keep records in accordance with 24 CFR 85.20 and facilitate an effective audit to determine compliance with program requirements.
15. The PHA will comply with the Lead-Based Paint Poisoning Prevention Act and 24 CFR Part 35.
16. The PHA will comply with the policies, guidelines, and requirements of OMB Circular No. A-87 (Cost Principles for State, Local and Indian Tribal Governments) and 24 CFR Part 85 (Administrative Requirements for Grants and Cooperative Agreements to State, Local and Federally Recognized Indian Tribal Governments).
17. The PHA will undertake only activities and programs covered by the Plan in a manner consistent with its Plan and will utilize covered grant funds only for activities that are approvable under the Moving to Work Agreement and Statement of Authorizations and included in its Plan.
18. All attachments to the Plan have been and will continue to be available at all times and all locations that the Plan is available for public inspection. All required supporting documents have been made available for public inspection along with the Plan and additional requirements at the primary business office of the PHA and at all other times and locations identified by the PHA in its Plan and will continue to be made available at least at the primary business office of the PHA.

Housing Authority of Portland
PHA Name

OR002
PHA Number/HA Code

I hereby certify that all the information stated herein, as well as any information provided in the accompaniment herewith, is true and accurate. Warning: HUD will prosecute false claims and statements. Conviction may result in criminal and/or civil penalties. (18 U.S.C. 1001, 1010, 1012; 31 U.S.C. 3729, 3802)

Lee E. Moore, Sr.

Name of Authorized Official

[Signature]
Signature

Chair

Title

12-14-10

Date